



# Community Guaranty Savings Bank

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February 16, 2011

Post Office Box 690  
Tower Road  
Campton, New Hampshire 03223

Michael Watson, Assistant Vice President  
Federal Reserve Bank of Boston  
600 Atlantic Avenue  
Boston, MA 02210

Dear Mike:

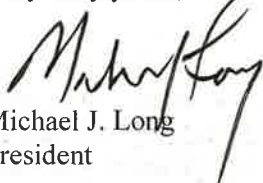
You and I have had many discussions over the Interchange Fee Amendment for the Dodd-Frank Wall Street Reform Act. Being a bank under \$10 billion, Community Guaranty Savings Bank is not supposed to be affected by this amendment. However, most in the banking community feel that we will be affected and will be required to reduce our rates on interchange fees, because most believe that a dual system is not going to work.

Obviously, this is a great concern of ours, and I wanted to give to you numbers that you could pass on. In 2010, we received \$148,835 in Interchange Fees. We were charged \$122,348 to be in the system. From the net income of \$26,487, we subtracted \$7,500 in fraud costs and we have an employee that works conservatively 75% of her time on fraud prevention. If you took 75% of her pay plus benefits, \$34,366, from the income we have a net loss of \$15,379. The TJ Maxx and Hannaford breaches cost us approximately \$5,000.00 each. These and other smaller breaches have all been out of our control. They were the result of inadequate security systems in use by the retailers. These are the same retailers who want their fees reduced. The retail stores have no liability when a customer uses a debit card. We, the bank, assume all liability, and our fraud costs are going up each year. As you can see from these numbers, we are already losing money to offer this service. If our income is reduced, we will have to pass this on to our customers. This goes against what the retailers are promising; lower costs to the consumer.

Thank you for taking the time, Mike, to review this and I would appreciate your passing this information along to the Federal Reserve Board as they contemplate their rule-making. As you can see from these numbers, a small bank like ours will be greatly impacted from any loss of income in interchange fees, and I would urge the Board to consider this crippling impact.

If there are any questions, please feel free to contact me.

Very truly yours,



Michael J. Long  
President

MJL/mm